

AUDITING PROCEDURES REPORT

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Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>Charter Township of Emmett</u>	County Calhoun
Audit Date March 31, 2006	Opinion Date May 4, 2006	Date Accountant Report Submitted To State: July 12, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 750 Trade Centre Way, Suite 300	City Portage	State MI	ZIP 49002
Accountant Signature <i>Plante & Moran, PLLC</i>			

Charter Township of Emmett Calhoun County, Michigan

**Financial Report
with Supplemental Information
March 31, 2006**

Charter Township of Emmett

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Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Township Board
Charter Township of Emmett
Calhoun County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Emmett as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Emmett's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Emmett as of March 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



A worldwide association of independent accounting firms

To the Township Board
Charter Township of Emmett
Calhoun County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Emmett's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 4, 2006

Charter Township of Emmett

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Emmett's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2006:

- State-shared revenues continue to be stagnant and Headlee limitations do not allow our tax revenues to grow at the same rate of demand for services.
- A projection for other revenue sources, including interest income, was lower than expected; this, coupled with a high rate of delinquency for civil traffic fines, has further complicated cash flow.
- The Township has continued to suffer from a single major workers' compensation settlement three years ago, which has driven workers' compensation insurance rates three times higher than normal. General property and liability insurance rates have risen as well.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Charter Township of Emmett

Management's Discussion and Analysis (Continued)

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and prior year as required by GASB 34 stated under the full accrual basis:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current assets	\$ 1,536,240	\$ 1,549,824	\$ 1,339,019	\$ 1,050,724	\$ 2,875,259	\$ 2,600,548
Noncurrent assets	<u>1,219,587</u>	<u>1,233,965</u>	<u>13,563,673</u>	<u>14,320,901</u>	<u>14,783,260</u>	<u>15,554,866</u>
Total assets	2,755,827	2,783,789	14,902,692	15,371,625	17,658,519	18,155,414
Liabilities						
Current liabilities	284,172	175,429	212,032	315,666	496,204	491,095
Long-term liabilities	<u>1,398,143</u>	<u>1,433,437</u>	<u>2,650,000</u>	<u>2,800,000</u>	<u>4,048,143</u>	<u>4,233,437</u>
Total liabilities	<u>1,682,315</u>	<u>1,608,866</u>	<u>2,862,032</u>	<u>3,115,666</u>	<u>4,544,347</u>	<u>4,724,532</u>
Net Assets						
Invested in capital assets -						
Net of related debt	607,808	523,523	9,468,560	9,742,634	10,076,368	10,266,157
Restricted	1,165,000	-	-	-	1,165,000	-
Unrestricted	<u>(699,296)</u>	<u>651,400</u>	<u>2,572,100</u>	<u>2,513,325</u>	<u>1,872,804</u>	<u>3,164,725</u>
Total net assets	<u>\$ 1,073,512</u>	<u>\$ 1,174,923</u>	<u>\$ 12,040,660</u>	<u>\$ 12,255,959</u>	<u>\$ 13,114,172</u>	<u>\$ 13,430,882</u>

The following table shows the changes of the net assets as of the current date and prior year as required by GASB 34 stated under the full accrual basis:

Charter Township of Emmett

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue						
Program revenue - Charges for services	\$ 273,013	\$ 206,047	\$ 774,718	\$ 614,413	\$ 1,047,731	\$ 820,460
Capital grants and contributions	-	318,860	132,000	341,813	132,000	660,673
General revenue:						
Property taxes	1,583,996	1,397,307	-	-	1,583,996	1,397,307
State-shared revenue	925,445	900,794	-	-	925,445	900,794
Unrestricted investment earnings	67,477	27,341	125,477	127,456	192,954	154,797
Franchise fees	43,617	38,125	-	-	43,617	38,125
Transfers and other revenue	59,355	58,810	-	(33,000)	59,355	25,810
Total revenue	2,952,903	2,947,284	1,032,195	1,050,682	3,985,098	3,997,966
Program Expenses						
General government	557,772	523,748	-	-	557,772	523,748
Public safety	2,267,512	2,204,040	-	-	2,267,512	2,204,040
Roads, highways, and street lights	140,325	124,395	-	-	140,325	124,395
Cemetery	27,402	31,739	-	-	27,402	31,739
Water and sewer	-	-	1,247,494	1,276,833	1,247,494	1,276,833
Interest on long-term debt	61,303	116,637	-	-	61,303	116,637
Total program expenses	3,054,314	3,000,559	1,247,494	1,276,833	4,301,808	4,277,392
Change in Net Assets	\$ (101,411)	\$ (53,275)	\$ (215,299)	\$ (226,151)	\$ (316,710)	\$ (279,426)

Charter Township of Emmett

Management's Discussion and Analysis (Continued)

Governmental Activities

The decrease of approximately \$101,000 in the Township's governmental activities net assets is slightly higher compared to the decrease in 2005 of approximately \$53,000. Revenue increased only slightly over prior year and expenses increased approximately \$54,000. The largest increase in expenditures relates to public safety wage increases. In addition, the Township increased property tax revenues by approximately \$187,000 largely due to the new public safety millage generating nearly \$144,000 more property tax revenue than the previous public safety millage that expired in 2005.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. We provide water and sewage treatment to residents through the City of Battle Creek. The loss in net assets for the Water and Sewer Fund of approximately \$215,000 is consistent to the prior year loss of approximately \$226,000.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund, the Public Safety Fund, the Public Safety Special Revenue Fund, and the Project #5 Fund.

The General Fund pays for most of the Township's governmental services. The Public Safety Fund incurred expenses of approximately \$2,162,000 for police and fire protection in 2006. Public safety is partially supported by a special millage and a transfer from the General Fund. The amount transferred from the General Fund amounted to approximately \$853,000.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant change to the General Fund was a decrease to the licenses and permits by approximately \$40,000 from the original to the amended budget. The Public Safety Fund budget was also amended due to the change in estimated revenues from fines and forfeitures, resulting in an amended budget decrease of approximately \$349,000. In addition, the Public Safety Fund budget was amended to account for the increase in property tax revenue from the new public safety millage in the current year. The budget was increased by approximately \$229,000 to account for this new revenue.

Charter Township of Emmett

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

During the year ended March 31, 2006, the Township entered into an installment purchase agreement to purchase five new police vehicles at a cost of approximately \$187,000. Payments on this debt are approximately \$51,000 per year until 2009.

Economic Factors and Next Year's Budgets and Rates

The coming year will be challenging when considering the precarious economy in Michigan. The Charter Township of Emmett is financially positioned to weather the current weak economy, but if it continues to erode, the Township will have to further reduce the internal operational costs to avoid a negative financial position.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

Charter Township of Emmett

Statement of Net Assets March 31, 2006

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and investments (Note 3)	\$ 1,374,003	\$ 1,219,649	\$ 2,593,652
Receivables - Net (Note 4)	489,067	1,414,483	1,903,550
Due from other governmental units	20,789	-	20,789
Bond issuance costs	83,569	-	83,569
Capital assets - Net (Note 5)	788,399	12,268,560	13,056,959
Total assets	2,755,827	14,902,692	17,658,519
Liabilities			
Accounts payable	50,745	62,032	112,777
Accrued interest	17,904	-	17,904
Deferred revenue (Note 4)	43,075	-	43,075
Noncurrent liabilities (Note 7):			
Due within one year	172,448	150,000	322,448
Due in more than one year	1,398,143	2,650,000	4,048,143
Total liabilities	1,682,315	2,862,032	4,544,347
Net Assets			
Invested in capital assets - Net of related debt	607,808	9,468,560	10,076,368
Restricted:			
Fire fleet	162,200	-	162,200
Debt service	1,002,800	-	1,002,800
Unrestricted	(699,296)	2,572,100	1,872,804
Total net assets	<u>\$ 1,073,512</u>	<u>\$ 12,040,660</u>	<u>\$ 13,114,172</u>

Charter Township of Emmett

Statement of Activities Year Ended March 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 557,772	\$ 192,520	\$ -	\$ (365,252)	\$ -	\$ (365,252)
Public safety	2,267,512	73,378	-	(2,194,134)	-	(2,194,134)
Roads, highways, and street lights	140,325	-	-	(140,325)	-	(140,325)
Cemetery	27,402	7,115	-	(20,287)	-	(20,287)
Interest on long-term debt	61,303	-	-	(61,303)	-	(61,303)
Total governmental activities	3,054,314	273,013	-	(2,781,301)	-	(2,781,301)
Business-type activities - Water and sewer	1,247,494	774,718	132,000	-	(340,776)	(340,776)
Total primary government	\$ 4,301,808	\$ 1,047,731	\$ 132,000	(2,781,301)	(340,776)	(3,122,077)
General revenues:						
Property taxes				1,583,996	-	1,583,996
State-shared revenues				925,445	-	925,445
Unrestricted investment earnings				67,477	125,477	192,954
Franchise fees				43,617	-	43,617
Miscellaneous				59,355	-	59,355
Total general revenues				2,679,890	125,477	2,805,367
Decrease in Net Assets				(101,411)	(215,299)	(316,710)
Net Assets - Beginning of year				1,174,923	12,255,959	13,430,882
Net Assets - End of year				\$ 1,073,512	\$ 12,040,660	\$ 13,114,172

Charter Township of Emmett

Governmental Funds Balance Sheet March 31, 2006

	General	Public Safety	Public Safety Special Revenue	Project #5 Sewer and Water	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 63,696	\$ 107,590	\$ 421,984	\$ 728,032	\$ 52,701	\$ 1,374,003
Receivables - Net	47,313	67,703	26,413	274,768	72,870	489,067
Due from other funds	335,311	303,209	-	-	-	638,520
Due from other governmental units	8,240	12,549	-	-	-	20,789
Total assets	<u>\$ 454,560</u>	<u>\$ 491,051</u>	<u>\$ 448,397</u>	<u>\$ 1,002,800</u>	<u>\$ 125,571</u>	<u>\$ 2,522,379</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 8,436	\$ 42,309	\$ -	\$ -	\$ -	\$ 50,745
Due to other funds	-	405,667	230,346	-	2,507	638,520
Deferred revenue	-	43,075	-	274,749	72,870	390,694
Total liabilities	8,436	491,051	230,346	274,749	75,377	1,079,959
Fund Balances						
Reserved:						
Fire fleet	-	-	162,200	-	-	162,200
Debt service	-	-	-	728,051	-	728,051
Unreserved, reported in:						
General Fund	446,124	-	-	-	-	446,124
Special Revenue Funds	-	-	55,851	-	-	55,851
Debt Service Funds	-	-	-	-	50,194	50,194
Total fund balances	<u>446,124</u>	<u>-</u>	<u>218,051</u>	<u>728,051</u>	<u>50,194</u>	<u>1,442,420</u>
Total liabilities and fund balances	<u>\$ 454,560</u>	<u>\$ 491,051</u>	<u>\$ 448,397</u>	<u>\$ 1,002,800</u>	<u>\$ 125,571</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	788,399
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	347,619
Accrued interest	(17,904)
Bond issuance costs	83,569
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,570,591)
Net assets of governmental activities	<u>\$ 1,073,512</u>

Charter Township of Emmett

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2006

	General	Public Safety	Public Safety Special Revenue	Project #5 Sewer and Water	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 553,782	\$ 745,485	\$ 284,729	\$ -	\$ -	\$ 1,583,996
Special assessments	-	-	-	135,455	21,159	156,614
Licenses and permits	118,132	-	-	-	-	118,132
State-shared revenues and grants	886,286	39,159	-	-	-	925,445
Charges for services	70,561	4,108	-	-	-	74,669
Fines and forfeitures	3,827	120,002	-	-	-	123,829
Interest and rentals	21,302	-	7,776	31,762	6,637	67,477
Other	344	59,011	-	-	-	59,355
Total revenue	1,654,234	967,765	292,505	167,217	27,796	3,109,517
Expenditures - Current						
General government	454,044	-	-	-	-	454,044
Public safety	178,212	2,161,872	89,490	-	-	2,429,574
Roads, highways, and street lights	140,325	-	-	-	-	140,325
Cemetery	27,402	-	-	-	-	27,402
Other	74,616	-	-	8,886	400	83,902
Debt service:						
Principal	-	73,409	-	50,000	80,000	203,409
Interest	-	2,983	-	26,187	14,229	43,399
Total expenditures	874,599	2,238,264	89,490	85,073	94,629	3,382,055
Excess (Deficiency) of Revenue Over Expenditures	779,635	(1,270,499)	203,015	82,144	(66,833)	(272,538)
Other Financing Sources (Uses)						
Debt proceeds	-	187,789	-	-	-	187,789
Transfers in	62,828	1,082,710	-	106,853	52,969	1,305,360
Transfers out	(916,660)	-	(281,847)	-	(106,853)	(1,305,360)
Total other financing sources (uses)	(853,832)	1,270,499	(281,847)	106,853	(53,884)	187,789
Net Change in Fund Balances	(74,197)	-	(78,832)	188,997	(120,717)	(84,749)
Fund Balances - Beginning of year	520,321	-	296,883	539,054	170,911	1,527,169
Fund Balances - End of year	<u>\$ 446,124</u>	<u>\$ -</u>	<u>\$ 218,051</u>	<u>\$ 728,051</u>	<u>\$ 50,194</u>	<u>\$ 1,442,420</u>

Charter Township of Emmett

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ (84,749)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Additions	300,408
Depreciation and amortization	(158,172)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(156,614)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	203,409
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Accrued interest reported on the statement of activities, but not on the governmental funds	(17,904)
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Debt proceeds are not reported as financing sources on the statement of activities	(187,789)
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Change in Net Assets of Governmental Activities	<u>\$ (101,411)</u>
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Charter Township of Emmett

Proprietary Funds Statement of Net Assets March 31, 2006

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,219,649
Receivables - Net	<u>1,414,483</u>
Total current assets	2,634,132
Noncurrent assets - Capital assets	<u>12,268,560</u>
Total assets	14,902,692
Liabilities	
Current liabilities:	
Accounts payable	62,032
Current portion of long-term debt	150,000
Noncurrent liabilities - Long-term debt - Net of current portion	<u>2,650,000</u>
Total liabilities	<u>2,862,032</u>
Net Assets	
Investment in capital assets - Net of related debt	9,468,560
Unrestricted	<u>2,572,100</u>
Total net assets	<u><u>\$ 12,040,660</u></u>

Charter Township of Emmett

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended March 31, 2006

	Enterprise Fund - Water and Sewer
Operating Revenue - Charges for services	\$ 774,718
Operating Expenses	
Cost of sanitary sewer processed	606,348
Depreciation	424,074
Other	67,550
Total operating expenses	1,097,972
Operating Loss	(323,254)
Nonoperating Revenue (Expenses)	
Investment income	125,477
Interest expense	(149,522)
Loss - Before contributions	(347,299)
Capital Contributions - Special assessments	132,000
Change in Net Assets	(215,299)
Net Assets - Beginning of year	12,255,959
Net Assets - End of year	<u>\$ 12,040,660</u>

Charter Township of Emmett

Proprietary Funds Statement of Cash Flows Year Ended March 31, 2006

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 764,760
Payments to suppliers	(736,384)
Payments to employees	<u>(30,416)</u>
Net cash used in operating activities	(2,040)
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	571,670
Principal and interest paid on capital debt	<u>(299,522)</u>
Net cash provided by capital and related financing activities	272,148
Cash Flows from Investing Activities - Interest received on investments	<u>18,961</u>
Net Increase in Cash and Cash Equivalents	289,069
Cash and Cash Equivalents - Beginning of year	<u>930,580</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 1,219,649</u></u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (323,254)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	424,074
Changes in assets and liabilities:	
Receivables	(9,958)
Restricted assets	10,732
Accounts payable	<u>(103,634)</u>
Net cash used in operating activities	<u><u>\$ (2,040)</u></u>

There were no noncash transactions during the year.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Emmett (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Emmett:

Reporting Entity

The Charter Township of Emmett is governed by an elected seven-member board of trustees. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing relationships. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

Public Safety Fund - The Public Safety Fund is used to account for the proceeds of a property tax millage restricted for public safety operational expenditures.

Public Safety Special Revenue Fund - During the year, the Township renamed the Fire Fund to the Public Safety Special Revenue Fund. The Public Safety Special Revenue Fund is used to account for two property tax millages. One millage is designated for financing vehicles related to the Township fire truck fleet and the second millage is for the purchase of public safety (police cars and fire trucks), apparatus, equipment, and buildings (stations) as well as for the maintenance thereof.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Project #5 Sewer and Water Project Fund - The Project #5 Sewer and Water Project Fund is used to account for the earmarked revenue and annual payment of principal, interest, and expenses in connection with Project #5 properties.

The Township reports the following major proprietary fund:

Water and Sewer Operations Fund - The Water and Sewer Operations Fund is used to account for the results of operations that provide a service to Township residents that are financed primarily by a user charge for the provision of that service. The service is provided to the Township through a contract with the City of Battle Creek. The original contract with the City of Battle Creek states that it shall continue in full force and effect for an indefinite period of time, which shall be not less than a period of 40 years.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Operations Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on December 1 each year on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note I - Summary of Significant Accounting Policies (Continued)

The Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended March 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled \$310 million, on which taxes levied consisted of .8432 mills for operating purposes, .8553 mills for public safety, 1.00 mills for public safety equipment, 1.6824 mills for additional public safety, and .6290 mills for street lights. This resulted in approximately \$262,000 for operating, approximately \$266,000 for public safety, approximately \$285,000 for public safety equipment, approximately \$479,000 for additional public safety, approximately \$114,000 for street lights, and approximately \$155,000 in administration fees and penalties. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Water and sewer distribution systems	50 years
Buildings and building improvements	40 to 50 years
Vehicles	3 to 5 years
Other tools and equipment	3 to 7 years

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Township has designated retained earnings of the Enterprise Fund in order to establish a capital replacement and restoration reserve.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at April 1, 2005	\$ (163,293)
Current year building permit revenue	101,902
Related expenses:	
Direct costs	(86,969)
Estimated indirect costs	<u>(17,940)</u>
Total construction code expenses	<u>(104,909)</u>
Net deficit at March 31, 2006	<u><u>\$ (166,300)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 3 - Deposits and Investments (Continued)

The Township has designated two banks for the deposit of its funds. The investment policy adopted by the Township includes all investments allowed by Public Act 196 of 1997. The Township is in compliance with the policy. The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$2,235,515 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Maturity Date
U.S. Treasury notes	\$ 90,731	10/15/2006
U.S. Treasury notes	28,302	2/15/2007
U.S. Treasury notes	86,102	8/15/2007
U.S. Treasury notes	26,313	2/15/2008
U.S. Treasury notes	51,831	10/15/2008
U.S. Treasury notes	81,042	10/15/2009
U.S. Treasury notes	76,950	9/15/2010

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 4 - Receivables

Receivables as of year end for the Township's individual major funds and nonmajor funds are as follows:

	General Fund	Public Safety Fund	Fire Truck Fund	Project #5 Fund	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 43,609	\$ 67,703	\$ 26,413	\$ -	\$ -	\$ 137,725
Special assessments	-	-	-	274,749	72,870	347,619
Interest and other	3,704	-	-	19	-	3,723
Net receivables	<u>\$ 47,313</u>	<u>\$ 67,703</u>	<u>\$ 26,413</u>	<u>\$ 274,768</u>	<u>\$ 72,870</u>	<u>\$ 489,067</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 347,619	\$ -
Grant received prior to meeting all eligibility requirements	-	43,075
Total	<u>\$ 347,619</u>	<u>\$ 43,075</u>

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance April 1, 2005	Additions	Balance March 31, 2006
Governmental Activities			
Capital assets being depreciated:			
Buildings and improvements	\$ 1,687,137	\$ -	\$ 1,687,137
Vehicles	1,204,049	170,108	1,374,157
Other tools and equipment	585,032	130,300	715,332
Subtotal	3,476,218	300,408	3,776,626
Accumulated depreciation:			
Buildings and improvements	1,585,987	7,933	1,593,920
Vehicles	1,048,120	65,068	1,113,188
Other tools and equipment	202,377	78,742	281,119
Subtotal	2,836,484	151,743	2,988,227
Net capital assets being depreciated	<u>\$ 639,734</u>	<u>\$ 148,665</u>	<u>\$ 788,399</u>
Business-type Activities			
Capital assets being depreciated:			
Water and sewer distribution systems	\$ 21,203,705	\$ -	\$ 21,203,705
Other tools and equipment	45,283	-	45,283
Subtotal	21,248,988	-	21,248,988
Accumulated depreciation:			
Water and sewer distribution systems	8,511,071	424,074	8,935,145
Other tools and equipment	45,283	-	45,283
Subtotal	8,556,354	424,074	8,980,428
Net capital assets being depreciated	<u>\$ 12,692,634</u>	<u>\$ (424,074)</u>	<u>\$ 12,268,560</u>

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 13,397
Public safety	<u>138,346</u>
Total governmental activities	<u>\$ 151,743</u>
Business-type activities - Water and sewer	<u>\$ 424,074</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue - Public Safety	\$ 405,667
General Fund	Special Revenue - Public Safety Special Revenue	1,468
Special Revenue - Public Safety	Special Revenue - Public Safety Special Revenue	228,878
General Fund	Debt Service - Bradford Water	<u>2,507</u>
	Total	<u>\$ 638,520</u>

These balances result from the time lag between the dates that goods and services are provided and reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Special Revenue - Public Safety	\$ 853,832
Special Revenue - Public Safety Special Revenue	Special Revenue - Public Safety	228,878
Special Revenue - Public Safety Special Revenue	Debt Service - Fire Truck	52,969
Special Revenue - HUD Block Grant	Special Revenue - Project #5	106,853
Special Revenue - Public Safety	General Fund	<u>62,828</u>
Total		<u>\$ 1,305,360</u>

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 7 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
Sanitary Sewer Refunding bonds:							
Amount of issue - \$1,260,000							
Maturing through 2018	3.0% - 4.0%	\$75,000 - \$115,000	\$ 1,260,000	\$ -	\$ (50,000)	\$ 1,210,000	\$ 75,000
Special assessment bonds:							
Amount of issue - \$420,000							
Maturing through 2010	5.40% - 6.0%	\$30,000 - \$40,000	210,000	-	(30,000)	180,000	30,000
Installment purchase agreements:							
<u>Fire Truck purchase</u>							
Amount of issue - \$500,000							
Maturing through 2006	5.48%	\$50,000	50,000	-	(50,000)	-	-
<u>Police vehicle</u>							
Amount of issue - \$21,977							
Maturing through 2006	6.20%	\$5,009 - \$5,999	10,968	-	(5,319)	5,649	5,649
<u>Police vehicle</u>							
Amount of issue - \$75,681							
Maturing through 2007	5.40%	\$17,455 - \$20,438	55,243	-	(17,455)	37,788	18,397
<u>Police vehicle</u>							
Amount of issue - \$187,789							
Maturing through 2009	5.15%	\$43,402 - \$50,635	-	187,789	(50,635)	137,154	43,402
Total governmental activities			\$ 1,586,211	\$ 187,789	\$ (203,409)	\$ 1,570,591	\$ 172,448
Business-type Activities							
Special assessment bonds - Calhoun County Sanitary Bonds							
Amount of issue - \$3,265,000							
Maturing through 2021	4.75% - 6.75%	\$150,000 - \$200,000	\$ 2,950,000	\$ -	\$ (150,000)	\$ 2,800,000	\$ 150,000

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 172,448	\$ 62,210	\$ 234,658	\$ 150,000	\$ 144,063	\$ 294,063
2008	175,082	54,497	229,579	150,000	133,638	283,638
2009	163,061	46,777	209,838	150,000	123,513	273,513
2010	125,000	39,648	164,648	150,000	113,388	263,388
2011	125,000	34,612	159,612	150,000	103,262	253,262
2012-2016	480,000	121,013	601,013	850,000	388,721	1,238,721
2017-2021	330,000	26,800	356,800	1,000,000	166,250	1,166,250
2022-2026	-	-	-	200,000	4,750	204,750
Total	\$ 1,570,591	\$ 385,557	\$ 1,956,148	\$ 2,800,000	\$ 1,177,585	\$ 3,977,585

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits and workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 9 - Retirement Plans

Defined Contribution Retirement Plan

The Township provides pension benefits to all of its full-time union employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to join the plan on January 1 of each year. As established by the Township board, the Township contributes up to a 5 percent match of employees' gross earnings and employees contribute to the plan to the extent they wish to defer compensation. In accordance with these requirements, the Township contributed approximately \$9,000 and employee contributions were approximately \$10,000.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 9 - Retirement Plans (Continued)

Defined Benefit Retirement Plan

Plan Description - The Charter Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 7.89 percent and 6.27 percent of gross wages for general and police and fire employees, respectively. The employees are required to contribute the percentage difference between the employer maximum contribution and the percentage necessary to fund the MERS plan. This was 3.58 percent for police and 12.97 percent for all other participants for the year ended March 31, 2006.

Annual Pension Cost - For the year ended March 31, 2005, the Township's annual pension cost of approximately \$139,000 (\$71,000 employer and \$68,000 employee) for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return assuming 4.5 percent per year inflation, (b) projected salary increases of 4.5 percent per year based on inflation, and (c) additional projected salary increases of 0 percent to 4.5 percent per year, based on age-related scale to reflect merit, longevity, and promotional increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis.

Charter Township of Emmett

Notes to Financial Statements March 31, 2006

Note 9 - Retirement Plans (Continued)

Three year-trend information is as follows:

	Fiscal Year Ended March 31		
	2006	2005	2004
Annual pension cost	\$ 71,627	\$ 69,046	\$ 59,096
Percentage of APC contributed	100%	100%	100%
	Actuarial Valuation as of December 31		
	2004	2003	2002
Actuarial value of assets	\$ 1,579,442	\$ 1,405,082	\$ 1,216,528
Actuarial accrued liability	2,123,735	1,622,170	1,435,075
Unfunded AAL	-	217,088	218,547
Funded ratio	0.00%	87.00%	85.00%
Covered payroll	1,062,461	1,012,322	868,363
UAAL as a percentage of covered payroll	0.00%	21.44%	25.17%

Required Supplemental Information

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Operating	\$ 262,759	\$ 262,759	\$ 262,671	\$ (88)
Street lights	118,500	118,500	114,024	(4,476)
Trailer fees	2,300	2,300	1,704	(596)
Current road assessments	9,574	12,765	12,765	-
Administration fees	157,643	155,667	155,685	18
Penalties and miscellaneous	9,000	9,000	6,933	(2,067)
Total taxes	559,776	560,991	553,782	(7,209)
State sources	900,000	886,286	886,286	-
Licenses and permits:				
Registration fees	300	1,620	1,620	-
Building permits	80,400	71,066	71,066	-
Electrical permits	19,000	11,223	11,223	-
Plumbing permits	19,000	7,540	7,540	-
Mechanical permits	19,000	12,073	12,073	-
Zoning and planning	8,500	5,200	5,200	-
Junk yard licenses	1,600	2,842	2,842	-
Plan review fees	7,000	5,863	5,863	-
Land division fees	3,000	705	705	-
Total licenses and permits	157,800	118,132	118,132	-
Charges for services:				
Printed materials	800	354	354	-
Cemetery lots/Open close/Foundations	7,500	7,115	7,115	-
Rebate - Summer taxes	12,448	12,697	19,475	6,778
Cable TV - Franchise	35,000	35,430	43,617	8,187
Total charges for services	55,748	55,596	70,561	14,965
Fines and forfeits - Ordinance fines from County	4,500	3,827	3,827	-
Interest earned	5,400	21,345	21,302	(43)
Miscellaneous	16,781	7,162	344	(6,818)
Total revenue	1,700,005	1,653,339	1,654,234	895

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures				
General government:				
Township board:				
Salaries	\$ 9,400	\$ 4,520	\$ 4,520	\$ -
Conferences and related expenses	500	-	-	-
Professional fees	17,000	18,447	18,447	-
Board of review	750	1,600	1,600	-
Advertising and publishing	2,500	1,469	1,469	-
Dues and memberships	4,700	4,596	4,596	-
Miscellaneous	300	90	90	-
Group insurance	200	198	198	-
Social Security	802	468	468	-
Communications	-	-	82	(82)
Administration fees	1,000	1,068	1,068	-
Total Township board	37,152	32,456	32,538	(82)
Assessing:				
Salaries	89,520	70,538	70,538	-
Office supplies	3,600	2,556	2,556	-
Social Security	6,781	5,322	5,322	-
Group insurance	29,716	19,430	19,430	-
Dues and memberships	365	285	285	-
Miscellaneous	2,603	3,933	3,933	-
Conferences	1,000	80	80	-
Capital outlay	3,000	4,229	4,229	-
Professional fees	1,200	1,183	1,183	-
Total assessing	137,785	107,556	107,556	-
Supervisor:				
Salaries	39,842	39,798	39,798	-
Office supplies	150	356	356	-
Conferences and related expenses	600	-	-	-
Communications	800	648	648	-
Transportation	900	397	397	-
Social Security	3,048	2,954	2,954	-
Group insurance	13,935	12,407	12,407	-
Total supervisor	59,275	56,560	56,560	-

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Treasurer:				
Salaries	\$ 51,395	\$ 50,471	\$ 50,471	\$ -
Computer maintenance	1,000	851	845	6
Office supplies	1,000	1,099	1,099	-
Transportation	340	-	-	-
Conferences and related expenses	600	35	35	-
Social Security	3,926	3,861	3,861	-
Capital outlay	1,000	229	229	-
Group insurance	30	20	20	-
Total treasurer	59,291	56,566	56,560	6
Building Authority:				
Supplies	2,500	4,156	4,156	-
Telephone	1,700	1,765	1,765	-
Postage	8,000	12,775	16,928	(4,153)
Building and equipment maintenance	8,600	8,632	9,829	(1,197)
Electricity	3,200	2,727	2,727	-
Heat	3,200	3,111	3,111	-
Water and sewer	800	602	602	-
Refuse service	800	1,005	1,005	-
Capital outlay	1,400	50	50	-
Miscellaneous	2,300	-	-	-
Total Building Authority	32,500	34,823	40,173	(5,350)
Elections:				
Salaries	28,007	28,181	25,416	2,765
Social Security	1,616	1,369	1,371	(2)
Office supplies	6,015	6,170	6,230	(60)
Capital outlay	-	279	279	-
Miscellaneous	19,815	5,919	6,182	(263)
Total elections	55,453	41,918	39,478	2,440

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Clerk:				
Salaries	\$ 66,664	\$ 66,546	\$ 66,546	\$ -
Office supplies	1,500	647	647	-
Conferences	1,500	2,229	2,229	-
Dues and memberships	600	408	408	-
Capital outlay	-	50	-	50
Social Security	5,099	4,839	4,786	53
Group insurance	22,774	19,941	19,941	-
Miscellaneous	4,200	2,611	14,246	(11,635)
Total clerk	102,337	97,271	108,803	(11,532)
Planning commission:				
Salaries	5,000	3,770	3,770	-
Zoning board expenses	2,800	1,820	1,820	-
Outside services	2,000	-	-	-
Social Security	597	423	423	-
Miscellaneous	1,500	721	721	-
Printing and publishing	1,500	1,210	1,210	-
Total planning commission	13,397	7,944	7,944	-
Data processing:				
Outside services	3,000	239	239	-
Office supplies	-	32	32	-
Capital outlay	6,650	4,161	4,161	-
Communications	1,600	1,795	-	1,795
Total data processing	11,250	6,227	4,432	1,795
Total general government	508,440	441,321	454,044	(12,723)

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Public safety:				
Salaries	\$ 56,098	\$ 60,783	\$ 60,768	\$ 15
Building and zoning inspector	75,382	59,476	59,476	-
Electrical and mechanical inspector	22,500	19,504	19,504	-
Plumbing inspector	11,250	7,989	7,989	-
Office supplies	2,650	915	915	-
Communications	1,500	1,450	1,450	-
Conferences and related expenses	1,000	933	933	-
Dues and memberships	225	-	-	-
Legal	5,000	6,100	6,100	-
Social Security	12,640	11,195	11,195	-
Group insurance	8,235	8,117	8,117	-
Equipment maintenance	1,325	996	361	635
Printing and publishing	250	387	387	-
Inspectors' plan review	-	382	382	-
Capital outlay	-	-	-	-
Miscellaneous	400	-	-	-
Outside services	1,000	10,263	635	9,628
Total public safety	199,455	188,490	178,212	10,278
Roads, highways, and street lights:				
Street lights	120,000	127,560	127,560	-
Street improvements	9,774	12,765	12,765	-
Total roads, highways, and street lights	129,774	140,325	140,325	-
Cemetery:				
Maintenance	28,800	25,292	25,292	-
Grave openings	3,000	2,110	2,110	-
Capital outlay	500	-	-	-
Transportation	100	-	-	-
Total cemetery	32,400	27,402	27,402	-

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Other:				
Retirement pension	\$ 22,366	\$ 25,519	\$ 23,114	\$ 2,405
Insurance	36,321	34,441	34,441	-
Miscellaneous	6,000	17,061	17,061	-
Total other	64,687	77,021	74,616	2,405
Total expenditures	934,756	874,559	874,599	(40)
Excess of Revenue Over Expenditures	765,249	778,780	779,635	855
Other Financing Sources (Uses)				
Operating transfers in	33,000	30,000	62,828	32,828
Operating transfers out	(842,329)	(877,177)	(916,660)	(39,483)
Total other financing sources (uses)	(809,329)	(847,177)	(853,832)	(6,655)
Net Change in Fund Balance	(44,080)	(68,397)	(74,197)	(5,800)
Fund Balance - Beginning of year	520,321	520,321	520,321	-
Fund Balance - End of year	<u>\$ 476,241</u>	<u>\$ 451,924</u>	<u>\$ 446,124</u>	<u>\$ (5,800)</u>

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Public Safety Year Ended March 31, 2006

	Public Safety Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 749,704	\$ 978,582	\$ 745,485	\$ (233,097)
Fines and forfeitures	461,900	112,571	120,002	7,431
Charges for services	8,500	10,687	4,108	(6,579)
Contributions	45,721	32,099	32,099	-
State sources	13,000	7,222	39,159	31,937
Miscellaneous	9,350	10,075	26,912	16,837
Total revenue	1,288,175	1,151,236	967,765	(183,471)
Expenditures				
Utilities	8,550	15,894	15,896	(2)
Insurance	137,996	152,716	152,716	-
Salaries	1,152,117	1,066,853	1,067,714	(861)
Operating supplies	14,500	18,157	18,157	-
Office supplies	7,000	3,852	3,852	-
Uniforms, accessories, and cleaning	18,000	11,679	11,679	-
Holiday pay	26,536	28,126	28,126	-
Equipment maintenance and rental	40,000	50,696	49,542	1,154
Transportation	33,500	60,230	60,230	-
Conferences and related expenses	10,500	4,516	4,516	-
Legal	35,000	44,109	44,109	-
Miscellaneous	11,801	15,434	15,782	(348)
Capital outlay	100,168	62,493	226,266	(163,773)
Social Security	80,180	82,693	82,693	-
Group insurance, physicals, and pensions	320,156	283,860	273,525	10,335
M.A.P.E.S.	102,500	106,667	107,069	(402)
Debt retirement	32,000	20,438	76,392	(55,954)
Total expenditures	2,130,504	2,028,413	2,238,264	(209,851)
Excess of Expenditures Over Revenue	(842,329)	(877,177)	(1,270,499)	(393,322)
Other Financing Sources				
Debt proceeds	-	-	187,789	187,789
Operating transfers in	842,329	877,177	1,082,710	205,533
Total other financing sources	842,329	877,177	1,270,499	393,322
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -	\$ -

Charter Township of Emmett

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Public Safety Special Revenue Year Ended March 31, 2006

	Public Safety Special Revenue Fund			Variance with
	Original Budget	Amended Budget	Actual	Amended Budget
Revenue				
Property taxes	\$ -	\$ 29,894	\$ 284,729	\$ 254,835
Interest income	-	7,776	7,776	-
Total revenue	-	37,670	292,505	254,835
Expenditures				
Vehicle maintenance	12,240	47,039	47,895	(856)
Capital outlay	93,600	41,595	41,595	-
Miscellaneous	-	589	-	589
Total expenditures	105,840	89,223	89,490	(267)
Excess (Deficiency) of Revenue Over Expenditures	(105,840)	(51,553)	203,015	254,568
Other Financing Uses - Operating transfers out	-	(52,969)	(281,847)	228,878
Net Change in Fund Balance	(105,840)	(104,522)	(78,832)	25,690
Fund Balance - Beginning of year	296,883	296,883	296,883	-
Fund Balance - End of year	<u>\$ 191,043</u>	<u>\$ 192,361</u>	<u>\$ 218,051</u>	<u>\$ 25,690</u>

Charter Township of Emmett

Note to Required Supplemental Information March 31, 2006

Note - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. A budget for the Special Revenue HUD Block Grant Fund is available at the Township clerk's office. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2006 has not been calculated.

The budget is adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget was amended after the end of the fiscal year, which does not comply with Michigan law. The amended budget increased (decreased) revenue and expenditures as follows:

	Revenue	Expenditures
General Fund	\$ (49,666)	\$ (60,197)
Public Safety Fund	136,939	(102,091)
Public Safety Special Revenue Fund	37,670	36,352

- In addition to the budgetary information provided, included in the Public Safety Fund's public safety expense and related debt proceeds is \$187,789 for the purchase of five police vehicles through an installment purchase agreement.
- During the year, a new public safety tax was levied and recorded in the Public Safety Special Revenue Fund, but the levy was budgeted in the Public Safety Fund. Also, a transfer between the Public Safety Special Revenue Fund to the Public Safety Fund was not budgeted.
- The Township had the following significant budget overruns:

	Budget	Actual
General Fund - Transfers to other funds	\$ 877,177	\$ 916,660
Public Safety Fund - Debt retirement	20,438	76,392

Other Supplemental Information

Charter Township of Emmett

Other Supplemental Information Nonmajor Governmental Funds Combining Balance Sheet March 31, 2006

	Special Revenue Funds		Debt Service Funds		
	HUD Block Grant	Bradford Water	Fire Truck	Total Nonmajor Governmental Funds	
Assets					
Cash and investments	\$ -	\$ 52,701	\$ -	\$ 52,701	
Receivables - Net	-	72,870	-	72,870	
Total assets	<u>\$ -</u>	<u>\$ 125,571</u>	<u>\$ -</u>	<u>\$ 125,571</u>	
Liabilities and Fund Balances					
Liabilities					
Due to other funds	\$ -	\$ 2,507	\$ -	\$ 2,507	
Deferred revenue	-	72,870	-	72,870	
Total liabilities	-	75,377	-	75,377	
Fund Balances - Unreserved	-	50,194	-	50,194	
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 125,571</u>	<u>\$ -</u>	<u>\$ 125,571</u>	

Charter Township of Emmett

Other Supplemental Information Nonmajor Governmental Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2006

	Special Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	HUD Block Grant	Bradford Water	Fire Truck		
Revenue					
Special assessments	\$ -	\$ 21,159	\$ -	\$	21,159
Interest income	5	6,632	-		6,637
Total revenue	5	27,791	-		27,796
Expenditures					
Miscellaneous	-	400	-		400
Debt service:					
Principal	-	30,000	50,000		80,000
Interest	-	11,260	2,969		14,229
Total expenditures	-	41,660	52,969		94,629
Excess (Deficiency) of Revenue Over Expenditures	5	(13,869)	(52,969)		(66,833)
Other Financing Sources (Uses)					
Operating transfers in	-	-	52,969		52,969
Operating transfers out	(106,853)	-	-		(106,853)
Total other financing sources (uses)	(106,853)	-	52,969		(53,884)
Net Change in Fund Balance	(106,848)	(13,869)	-		(120,717)
Fund Balances - Beginning of year	106,848	64,063	-		170,911
Fund Balances - End of year	\$ -	\$ 50,194	\$ -	\$	50,194